



**Investment Office**

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April 21, 2008

**AGENDA ITEM 9b**

**TO: MEMBERS OF THE INVESTMENT COMMITTEE**

- I. SUBJECT:** Ratification of 401(k) Plan Administration
- II. PROGRAM:** Supplemental Income Plans Program
- III. RECOMMENDATION:** Approve administration of Placer County's 401(k) Plan

**IV. ANALYSIS:**

As part of the Supplemental Income Plans (SIP) Program, eligible public agencies employers may adopt the CalPERS 457 Deferred Compensation Plan (the "457 Plan") for their employees. Placer County adopted the CalPERS 457 Plan as a supplemental income plan for its employees in 2000. At the time Placer County adopted the CalPERS 457 Plan, it also sought administration and asset management services for its existing 401(k) Plan. Since the features of a 401(k) plan were similar to those of a 457 plan, and CalPERS' former third party administrator, State Street Bank, had extensive experience administering 401(k) plans, these additional services were agreed to be provided. Accordingly, on July 11, 2000, Placer County Board of Supervisors adopted by resolution the CalPERS 457 Plan and appointed CalPERS as the administrator of the Placer County 401(k) Plan.

To date, CalPERS, in conjunction with its current third party administrator, CitiStreet, continue to offer 401(k) Plan administration and asset management services to Placer County. The Placer 401(k) Plan mirrors the CalPERS 457 Plan's investment fund line-up and uses the same on-site CalPERS service team. Although a 401(k) plan, like a 457 plan, is a deferred compensation arranged authorized under the Internal Revenue Code, Section 21371, subdivision (b), of the Public Employees' Retirement Law requires approval of

this arrangement by the CalPERS Board of administration. For this reason, staff is seeking ratification of the staff's decisions to provide administration and asset management services to the Placer County's 401(k) Plan.

**V. STRATEGIC PLAN:**

This request is consistent with the CalPERS Strategic Plan Goals to:

- Goal VI to administer pension benefit services in a customer oriented and cost effective manner and
- Goal VII to enable and educate members and employers to make informed decisions leading to a predictable and secure retirement futures.

**VI. RESULTS/COSTS:**

There are no additional costs to administering the 401(k) plan as Plan participants pay for the administrative expenses and asset management fees.

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Geraldine Jimenez, Division Chief  
Supplemental Income Plans Division

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Anne Stausboll  
Chief Operating Investment Officer

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Russell Read  
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